

110TH CONGRESS  
2D SESSION

# H. R. 7125

To amend the Internal Revenue Code of 1986 to impose a tax on securities transactions.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 26, 2008

Mr. DEFazio (for himself, Mr. STARK, Mr. GEORGE MILLER of California, Ms. SLAUGHTER, Mr. LEWIS of Georgia, Mr. HINCHEY, Mr. HOLT, Mr. SCOTT of Virginia, Mr. ABERCROMBIE, Mr. CAPUANO, Mr. McDERMOTT, Mr. SIREs, Ms. WOOLSEY, Ms. LEE, Ms. EDWARDS of Maryland, Mr. WU, Mr. KUCINICH, Ms. HIRONO, Mr. MELANCON, Mr. CHANDLER, Mr. WELCH of Vermont, Ms. KAPTUR, Mr. FILNER, Ms. WATSON, Mr. JOHNSON of Georgia, Ms. ROYBAL-ALLARD, Mr. COSTELLO, and Ms. WATERS) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to impose  
a tax on securities transactions.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

### 3   **SECTION 1. SHORT TITLE; FINDINGS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Let Wall Street Pay for Wall Street’s Illiquid Assets Act  
6       of 2008”.

7       (b) FINDINGS.—Congress finds the following:

1           (1) The Bush Administration is asking Con-  
2           gress to authorize \$700 billion to cover the “illiquid”  
3           assets of Wall Street. This will further worsen our  
4           budget deficit.

5           (2) The \$700 billion is to protect Wall Street  
6           investors; therefore, the same Wall Street investors  
7           should pay for this infusion of taxpayer money.

8           (3) The easiest method to raise the \$700 billion  
9           from Wall Street is a securities transfer tax, a tax  
10          that has a negligible impact on the average investor.

11          (4) This transfer tax would be on the sale and  
12          purchase of financial instruments such as stock, op-  
13          tions, and futures. A quarter percent (0.25%) tax on  
14          financial transactions could raise approximately  
15          \$150 billion a year.

16          (5) The United States had a transfer tax from  
17          1914 to 1966. The Revenue Act of 1914 levied a  
18          0.2% tax on all sales or transfers of stock. In 1932,  
19          Congress more than doubled the tax to help over-  
20          come the budgetary challenges during the Great De-  
21          pression.

22          (6) The United Kingdom currently has a mod-  
23          est financial transaction tax of 0.5 percent.

24          (7) The Securities and Exchange Commission  
25          currently implements a very small tax per trans-

1       action to cover its costs; therefore this additional  
2       transfer tax is easy to implement.

3           (8) All revenue generated by this transfer tax  
4       shall be directed to the general treasury.

5       **SEC. 2. TAX ON SECURITIES TRANSACTIONS.**

6       (a) IN GENERAL.—Chapter 36 of the Internal Rev-  
7       enue Code of 1986 is amended by inserting after sub-  
8       chapter B the following new subchapter:

9                   **“Subchapter C—Tax on Securities**  
10                   **Transactions**

      “Sec. 4475. Tax on securities transactions.

11       **“SEC. 4475. TAX ON SECURITIES TRANSACTIONS.**

12       “(a) IMPOSITION OF TAX.—There is hereby imposed  
13       a tax on each covered securities transaction of 0.25 per-  
14       cent of the value of the instruments involved in such trans-  
15       action.

16       “(b) BY WHOM PAID.—The tax imposed by this sec-  
17       tion shall be paid by the trading facility on which the  
18       transaction occurs.

19       “(c) COVERED SECURITIES TRANSACTION.—The  
20       term ‘covered securities transaction’ means—

21           “(1) any transaction to which subsection (b),  
22       (c), or (d) of section 31 of the Securities Exchange  
23       Act of 1934 applies, and

1           “(2) any transaction subject to the exclusive ju-  
2           risdiction of the Commodity Futures Trading Com-  
3           mission.

4           “(d) ADMINISTRATION.—The Secretary shall carry  
5           out this section in consultation with the Securities and Ex-  
6           change Commission and the Commodity Futures Trading  
7           Commission.”.

8           (b) CLERICAL AMENDMENT.—The table of sub-  
9           chapters for chapter 36 of such Code is amended by in-  
10          serting after the item relating to subchapter B the fol-  
11          lowing new item:

                  “SUBCHAPTER C. TAX ON SECURITIES TRANSACTIONS.”.

12          (c) EFFECTIVE DATE.—The amendments made by  
13          this section shall apply to transactions occurring on or  
14          after January 1, 2009.

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